

THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

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MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

THROUGH : National Intelligence Officer for Warning

FROM : National Intelligence Officer for Latin America

SUBJECT : Monthly Warning Assessment: Latin America

1. El Salvador

The revolutionary left forces continue with the three main aspects of their strategy: attacks on government military forces, destruction of key elements of the economic infrastructure, and an international campaign for support and against the Duarte regime. In recent weeks the level of activity has declined somewhat--attacks against security forces averaged about seven per week in September compared to 12 per week in August; economic sabotage incidents were down to about six per week in September compared with about 20 per week in July and August. Unconfirmed but converging reports suggest a large increase in guerrilla attacks in the next two months. (S)

A recent CIA analysis concludes that Nicaragua continues to supply arms and other help to the guerrillas despite the six weeks test of good intentions proposed by the US in the mid-August Managua meetings. Given present trends and levels of support for the government, most analysts expect a stalemate over the next 12-15 months, though some believe that the extreme left has a 50/50 chance of winning in the next 6-10 months. There is agreement, that as the planned March 1982 elections approach, the guerrillas will sharply increase their military and political activities, hoping to disrupt or prevent the elections and bring about splits in the government coalition. (S)

The government continues to function, despite civil-military distrust and growing economic problems. Support from 15 Latin American nations (including nine democracies) in rejecting the Mexican-French initiative, the impressive public attendance (40,000) at the 15 September 1981 national day celebrations, and the Duarte visit to the US were positive developments. ☐

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2. Nicaragua

Analysts believe all indicators are that the Sandinistas are as determined as ever to continue their military buildup at home, support the El Salvador insurgency, and further radicalize their regime. In recent weeks the government has added still more repressive powers (9 September emergency economic measures) and continues to harass what remains of the independent press. In addition, a strong anti-US campaign was begun in mid-September. []

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Nicaragua has sent raiding groups into Honduras a number of times in recent months in order to attack exile groups. Reports indicate that Cubans in Nicaragua are manning mobile radio intercept equipment on the Honduras border, and the Nicaraguan Embassy in Honduras is a center of covert action in support of the growing and more violent extreme left groups there. Nicaragua and Cuba have three purposes in seeking to stimulate an increase of revolutionary violence and action in Honduras--to slow down or prevent Honduran cooperation with El Salvador and Guatemala against the guerrillas, to prevent the use of Honduran territory as a base for operations against Nicaragua, and to disrupt the November 1981 elections and the completion of the transition to democracy. []

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3. Guatemala

The general level of violence has increased sharply--politically-related deaths in August were 512, nearly double the level in recent months. Rightwing extremists appear to be responsible for most such deaths, but leftwing violence also continues to grow in size and scope as more and more Guatemalans--and now foreigners--are affected. Guerrilla harangues and threats against tourists are succeeding in choking off a prime source of income for Guatemala (revenues down by 70 percent this year). The new army commander-in-chief appears to be serious about stemming abuses by his troops, but the guerrillas' growing activity and strength test his ability to make progress. []

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The Guatemalans have refused to recognize newly independent Belize, with which they have major, unresolved territorial disputes. But, despite past saber-rattling, they do not now appear disposed to move militarily against Belize--if only because they are so preoccupied with the guerrilla war at home. Some analysts feel that in time the Guatemalans may act against Belize in some way. Such a possibility would become more likely if Belize were to become a major route for funnelling arms to Guatemalan insurgents or if Nicaraguan/Cuban covert action there threatened a "Grenada-type" coup. An unconfirmed report of about 200-300 guerrillas landing in Southern Mexico near Guatemala with substantial weapons and a supply of Mexican and Guatemalan army uniforms suggests the type of deceptive or catalytic violence which could erupt among Belize, Guatemala and Mexico.

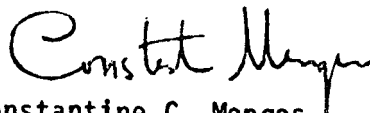
4. Panama

The death of Torrijos has opened a period of uncertainty and maneuver in Panamanian politics. Of special interest will be the balance of influence between moderates and those elements in the National Guard and the political establishment who have collaborated with the Cubans during the last three years. An indicator of these trends will be whether Panama continues the process Torrijos began in May 1981 of moving away from Cuba and the guerrilla forces in the region or whether it continues or strengthens cooperation with the revolutionary groups in the region. 25X1

5. Brazil

Analysts remain largely optimistic that Brazil's political opening will endure, despite a wide array of problems. They point out that the sidelining of President Figueiredo, due to a mild heart attack, has created no serious strains; presidential duties are being carried out by the civilian Vice President, as foreseen in the constitution. Moreover, military opponents of the political opening have shown no signs they will seek to exploit the situation, nor has the political left. 25X1

Nonetheless, Brazil's overall situation is more fragile now than at any time in recent years. Military grumbling over the political opening is more apparent than before; church-state relations have deteriorated sharply; social unrest has been apparent as citizens seek to cope with the pressures of still soaring inflation and increased joblessness due to economic austerity.


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